



Larry Hogan, Governor • Boyd Rutherford, Lt. Governor • Robert Neall, Secretary

## **Proposal:**

### **10.62.08 Medical Cannabis Grower License**

#### **.04 Consent for Investigation.**

A. An individual who is required to provide personal and background information under this chapter shall provide a statement that irrevocably gives consent to the Commission and persons authorized by the Commission to:

- (1) Verify all information provided in the application documents; and
- (2) Conduct a background investigation of the individual.

B. An applicant shall waive any contractual, statutory, or common law obligation of confidentiality and authorize any government agency in any jurisdiction to release to and provide access to the Commission of any and all information the applicant has provided to any other jurisdiction while seeking a cannabis-related license in that other jurisdiction, as well as the information obtained by that other jurisdiction during the course of any investigation it may have conducted regarding the applicant.

C. An applicant shall release all financial institutions, fiduciaries, and other parties from any contractual, statutory or common law obligation of confidentiality to provide financial, personal and background information to the Commission relevant to the applicant's capacity to manage a licensed growing facility [and the applicant's good moral character].

#### **.06 Pre-Approval of Application.**

A. Limitation on Number of Licenses.

- (1) The Commission may issue pre-approval of up to 15 licenses:
  - (a) Until May 31, 2018, in accordance with Health General Article, §13-3306(a)(2), Annotated Code of Maryland; and
  - (b) In consideration of the ranking of the applications in accordance with Regulation .05 of this chapter.

- (2) Beginning June 1, 2018, the Commission may issue the number of pre-approvals of a license necessary to meet the demand for medical cannabis by qualifying patients in an affordable, accessible, secure and efficient manner.

B. If there are more qualified applications than the number of licenses available and there is a numerical tie for the last license to be issued, the license shall be determined by public lottery.

C. The Commission may deny issuing a pre-approval of a license if, [for] any individual identified in the application specified in Regulation .02B(1) of this chapter:

(1) [The criminal history record information or any other evidence that demonstrates an absence of good moral character; or] *Is convicted of or pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside;*

(2) [The] *Has payment of taxes due in any jurisdiction that is in arrears; or*

(3) *Fraudulently or deceptively attempts to obtain a license.*

D. Within 10 business days of the Commission's decision, the Commission shall notify an applicant who has been pre-approved for a license.

E. The Commission may rescind pre-approval of a grower license if the grower is not operational within 1 year of pre-approval.

#### **.08 Change of Ownership of License.**

A. No interest of 5 percent or more of a license issued pursuant to this chapter shall be assignable or transferable unless:

(1) The Commission has received notice of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an interest in a license to another party;

(2) The transferee has had forwarded the criminal history record information and audited financial statement to the Commission of the transferee;

(3) The Commission does not object to the transfer or assignment within 45 days of its receipt of notice; and

(4) The transferee has paid the required fee specified in COMAR 10.62.35.

B. The Commission may deny transfer of an interest in a license for any proposed transferee if the:

(1) [Criminal history record information or the background investigation demonstrate an absence of good moral character; or] *Transferee is convicted of or pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside; or*

(2) Payment of taxes due in any jurisdiction is in arrears.

### **10.62.09.03 Medical Cannabis Grower Agent**

#### **.03 Grower Agent Registration and Criminal History Record.**

A. Each medical cannabis grower agent shall be registered with the Commission before the agent may volunteer or work for a licensed grower.

B. A licensed grower shall apply to register a grower agent by submitting to the Commission:

(1) The name, address, date of birth, and Social Security Number of a grower agent;

(2) Documentation of the submission of fingerprints of the grower agent to the Central Registry; and

(3) The request for the criminal history record information of the grower agent to be forwarded to the Commission.

C. A prospective grower agent may not be registered if the prospective grower agent has ever been convicted of a felony drug offense, *except as provided in Health-General Article, §13-3306(5)(iii), Annotated Code of Maryland.*

D. The Commission, after review of the criminal history record information, may disqualify any prospective grower agent from registration [for an absence of good moral character] *who is convicted of or pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside.*

### **10.62.19 Medical Cannabis Processor License**

#### **.03 Consent for Investigation.**

A. An individual who is required to provide personal and background information under this chapter shall provide a statement that irrevocably gives consent to the Commission and persons authorized by the Commission to:

(1) Verify all information provided in the application documents; and

(2) Conduct a background investigation of the individual.

B. An applicant shall waive any contractual, statutory, or common law obligation of confidentiality and authorize any government agency in any jurisdiction to release to and provide access to the Commission of any and all information the applicant has provided to any other jurisdiction while seeking a cannabis-related license in that other jurisdiction, as well as the information obtained by that other jurisdiction

during the course of any investigation it may have conducted regarding the applicant.

C. An applicant shall release all financial institutions, fiduciaries and other parties from any contractual, statutory or common law obligation of confidentiality to provide financial, personal and background information to the Commission relevant to the applicant's capacity to manage a licensed processor [and the applicant's good moral character].

#### **.05 Pre-Approval of License Application.**

A. The Commission shall pre-approve a number of licenses for licensed processors sufficient to supply the demand for medical cannabis concentrates and medical cannabis-infused products in a range of routes of administration desired by qualifying patients.

B. If there are more qualified applications than the number of licenses available and there is a numerical tie for the last license to be issued, the last pre-approved license shall be determined by public lottery.

C. The Commission may deny issuing a pre-approval of a license if, [for] any individual identified in the application specified in COMAR 10.62.19.02B(1) and (2) of this chapter:

(1) [The criminal history record information or any other evidence that demonstrates an absence of good moral character; or] *Is convicted of or pleads nolo contendere to a felony or to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside;*

(2) [The] *Has payment of taxes due in any jurisdiction that is in arrears; or*

(3) *Fraudulently or deceptively attempts to obtain a license.*

D. Within 10 business days of the Commission's decision, the Commission shall notify applicants who have been pre-approved for a license.

E. The Commission may rescind pre-approval of a processor license if the processor is not operational within 1 year of pre-approval.

#### **.06 Issuance of License.**

A. After an applicant has been issued a pre-approval for a license under this chapter, the applicant shall submit to the Commission, as part of its application:

(1) An audited financial statement for the applicant and for each individual, partnership, corporation, or other entity review that has invested, or is proposed to invest, 5 percent or more of the capital of the applicant; and

(2) Payment of the stage 2 application fee specified in COMAR 10.62.35.

B. The Commission may issue a license to be a licensed processor on a determination that:

(1) [The criminal history background check and background investigation reveal no evidence that demonstrates the absence of good moral character] *The applicant has not been convicted of or pled nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside;*

(2) All inspections are passed and all of the applicant's operations conform to the specifications of the application as pre-approved pursuant to Regulation .05 of this chapter;

(3) The proposed premises:

(a) Are under the legal control of the applicant;

(b) Comply with all zoning and planning requirements; and

(c) Conform to the specifications of the application as pre-approved pursuant to Regulation .07 of this chapter; and

(4) The first year's license fee specified in COMAR 10.62.35 has been paid.

#### **.07 Change of Ownership of License.**

A. No interest of 5 percent or more of a license issued pursuant to this chapter shall be assignable or transferable unless:

(1) The Commission has received notice in a manner determined by the Commission of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an interest in a license to another party;

(2) The transferee has had forwarded the criminal history record information and audited financial statement to the Commission of the transferee;

(3) The Commission does not object to the transfer or assignment within 45 days of its receipt of notice; and

(4) The transferee has paid the required fee specified in COMAR 10.62.35.

B. The Commission may deny transfer of an interest in a license if, for any proposed transferee:

(1) [Criminal history record information or the background investigation demonstrate an absence of good moral character; or] *The transferee is convicted of or*

*pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside; or*

(2) Payment of taxes due in any jurisdiction is in arrears.

#### **10.62.20 Medical Cannabis Processor Agent**

##### **.03 Processor Agent Registration and Criminal History Record.**

A. A processor agent shall be registered with the Commission before the agent may volunteer or work for a licensee.

B. A licensee shall apply to register a processor agent by submitting to the Commission:

(1) The name, address, date of birth and Social Security Number of a processor agent;

(2) Documentation of the submission of fingerprints of the processor agent to the Central Registry; and

(3) The request for the criminal history record information of the processor agent to be forwarded to the Commission.

C. A prospective registered processor agent may not be registered if the prospective processor agent has ever been convicted of a felony drug offense, *except as provided in Health-General Article, §13-3310(d), Annotated Code of Maryland.*

D. The Commission, after review of the criminal history record information, may disqualify any prospective grower agent from registration [for an absence of good moral character] *who is convicted of or pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside.*

#### **10.62.25 Medical Cannabis Dispensary License**

##### **.04 Consent for Investigation.**

A. An individual who is required to provide personal and background information under this chapter shall provide a statement that irrevocably gives consent to the Commission and persons authorized by the Commission to:

(1) Verify all information provided in the application documents; and

(2) Conduct a background investigation of the individual.

B. An applicant shall waive any contractual, statutory, or common law obligation of confidentiality and authorize any government agency in any jurisdiction to release to and provide access to the Commission of any and all information the applicant

has provided to any other jurisdiction while seeking a cannabis-related license in that other jurisdiction, as well as the information obtained by that other jurisdiction during the course of any investigation it may have conducted regarding the applicant.

C. An applicant shall release all financial institutions, fiduciaries, and other parties from any contractual, statutory or common law obligation of confidentiality to provide financial, personal and background information to the Commission relevant to the applicant's capacity to manage a licensed dispensary [and the applicant's good moral character].

#### **.06 Pre-Approval of License Application.**

A. Number of Pre-approvals. In consideration of the ranking of the applications in accordance with Regulation .05, the Commission may issue pre-approvals of up to two licensed dispensaries per Senatorial district, other than the number of licensed grower dispensary facilities located in the Senatorial district.

B. If there are more qualified applications than the number of licenses available and there is a numerical tie for the last license to be issued, the last pre-approved license shall be determined by public lottery.

C. The Commission may deny issuing a pre-approval of a license if, [for] any individual identified in the application specified in Regulation .02B(1) and (2) of this chapter:

(1) [The criminal history record information or any other evidence that demonstrates an absence of good moral character; or] *Is convicted of or pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside;*

(2) [The] *Has payment of taxes due in any jurisdiction that is in arrears; or*

(3) *Fraudulently or deceptively attempts to obtain a license.*

D. Within 10 business days of the Commission's decision, the Commission shall notify applicants who have been pre-approved for a license.

E. The Commission may rescind pre-approval of a dispensary license if the dispensary is not operational within 1 year of pre-approval.

#### **.07 Issuance of License.**

A. After an applicant has been issued a pre-approval for a license under this chapter the applicant shall submit to the Commission, as part of its application:

(1) An audited financial statement for the applicant and for each individual, partnership, corporation, or other entity review that has invested, or is proposed to invest, 5 percent or more of the capital of the applicant;

(2) Payment of the stage 2 application fee specified in COMAR 10.62.35.

B. The Commission may issue a dispensary license on a determination that:

(1) [The criminal history background check and background investigation reveal no evidence that demonstrates the absence of good moral character] *The applicant has not been convicted of or pled nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside;*

(2) All inspections are passed and all of the applicant's operations conform to the specifications of the application as pre-approved pursuant to Regulation .06 of this chapter;

(3) The proposed premises:

(a) Are under the legal control of the applicant;

(b) Comply with all zoning and planning requirements; and

(c) Conform to the specifications of the application as pre-approved pursuant to Regulation .07 of this chapter; and

(4) The first year's license fee specified in COMAR 10.62.35 has been paid.

#### **.08 Change of Ownership of License.**

A. No interest of 5 percent or more of a license issued pursuant to this chapter shall be assignable or transferable unless:

(1) The Commission has received notice of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an interest in a license to another party;

(2) The transferee has had forwarded the criminal history record information and audited financial statement to the Commission of the transferee;

(3) The Commission does not object to the transfer or assignment within 45 days of its receipt of notice; and

(4) The transferee has paid the required fee specified in COMAR 10.62.35.

B. The Commission may deny transfer of an interest in a license if, for any proposed transferee:

(1) [Criminal history record information or the background investigation demonstrate an absence of good moral character; or] *The transferee is convicted of or pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside; or*

(2) Payment of taxes due in any jurisdiction is in arrears.

#### **10.62.26 Registered Dispensary Agent**

##### **.03 Dispensary Agent Registration and Criminal History Record.**

A. A dispensary agent shall be registered with the Commission before the agent may volunteer or work for a licensee.

B. A licensee shall apply to register a dispensary agent by submitting to the Commission:

(1) The name, address, date of birth and Social Security Number of a dispensary agent;

(2) Documentation of the submission of fingerprints of the dispensary agent to the Central Registry; and

(3) The request for the criminal history record information of the dispensary agent to be forwarded to the Commission.

C. A prospective registered dispensary agent may not be registered by the Commission if the prospective registered dispensary agent has ever been convicted of a felony drug offense, *except as provided in Health-General Article, §13-3308(d), Annotated Code of Maryland.*

D. The Commission, after review of the criminal history record information, may disqualify any prospective registered dispensary agent from registration [for an absence of good moral character] *who is convicted of or pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside.*